

The Hon. Thomas Zilly

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

ESTHER HOFFMAN; SARAH
DOUGLASS; ANTHONY KIM; and IL
KIM and DARIA KIM, husband and wife
and the marital community comprised
thereof, on behalf of themselves and all
others similarly situated,

Plaintiffs,

v.

TRANSWORLD SYSTEMS
INCORPORATED; PATENAUDE AND
FELIX, A.P.C; MATTHEW CHEUNG, and
the marital community comprised of
MATTHEW CHEUNG and JANE DOE
CHEUNG; NATIONAL COLLEGIATE
STUDENT LOAN TRUST 2004-2;
NATIONAL COLLEGIATE STUDENT
LOAN TRUST 2005-2; NATIONAL
COLLEGIATE STUDENT LOAN TRUST
2005-3; NATIONAL COLLEGIATE
STUDENT LOAN TRUST 2006-1;
NATIONAL COLLEGIATE STUDENT
LOAN TRUST 2006-3; NATIONAL
COLLEGIATE STUDENT LOAN TRUST
2007-4,

Defendants.

Case No.: C18-1132 TSZ

DECLARATION OF GUY W.
BECKETT IN SUPPORT OF
PLAINTIFFS' MOTION FOR
SANCTIONS AGAINST
TRANSWORLD SYSTEMS INC.

Guy W. Beckett declares:

1. I am one of the Plaintiffs' attorneys. I make this declaration from my personal knowledge.

2. Attached as Exhibit 1 is a true copy of the Stipulation entered into between the CFPB and TSI for entry of the Consent Order, which was filed on September 18, 2017 in CFPB Administrative Proceeding No. 2017-CFPB-0018.

3. Attached as Exhibit 2 is a true copy of the Consent Order filed on September 18, 2017 in CFPB Administrative Proceeding No. 2017-CFPB-0018.

4. On December 16, 2021, Plaintiffs attempted to depose Transworld Systems Inc.'s ("TSI's") Fed. R. Civ. P. 30(b)(6) Designated Representative, Bradley Luke, about, among other things, the actions TSI took to comply with the Consumer Financial Protection Bureau's ("CFPB's") September 18, 2017 Consent Order.

5. Attached as Exhibit 3 are true copies of excerpted pages from the December 16, 2021 deposition of TSI's Fed. R. Civ. P. 30(b)(6) Designated Representative, Bradley Luke.

6. Attached as Exhibit 4 is a true copy of the Rough Draft of the March 8, 2022 continued deposition of TSI's Fed. R. Civ. P. 30(b)(6) Designated Representative, Bradley Luke.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

SIGNED in Seattle, Washington, on March 17, 2022.

/s/ Guy Beckett
Guy W. Beckett, WSBA #14939

EXHIBIT 1

UNITED STATES OF AMERICA

CONSUMER FINANCIAL PROTECTION BUREAU

2017-CFPB-0018

**STIPULATION AND CONSENT
TO THE ISSUANCE OF
A CONSENT ORDER**

In the matter of:

TRANSWORLD SYSTEMS, INC.

The Consumer Financial Protection Bureau (Bureau) intends to initiate an administrative proceeding against Transworld Systems, Inc. (Respondent), under 12 U.S.C. §§ 5563 and 5565, for its unfair and deceptive practices with regard to Collections Lawsuits in violation of the CFPA's prohibition on unfair and deceptive acts or practices, 12 U.S.C. §§ 5531, 5536.

Respondent, in the interest of compliance and resolution of the matter, and without admitting or denying any wrongdoing, consents to the issuance of a Consent Order substantially in the form of the one to which this Stipulation and Consent to the Issuance of a Consent Order is attached (Consent Order), which is incorporated by reference.

In consideration of the above premises, Respondent agrees to the following:

Jurisdiction

1. The Bureau has jurisdiction over this matter under sections 1053 and 1055 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5563, 5565.

Consent

2. Respondent agrees to the issuance of the Consent Order, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau's jurisdiction over Respondent and the subject matter of this action.
3. Respondent agrees that the Consent Order will be deemed an "order issued with the consent of the person concerned" under 12 U.S.C. § 5563(b)(4), and agrees that the Consent Order will become a final order, effective upon issuance, and will be fully enforceable by the Bureau under 12 U.S.C. §§ 5563(d)(1) and 5565.
4. Respondent voluntarily enters into this Stipulation and Consent to the Issuance of a Consent Order.
5. The Consent Order resolves only Respondent's potential liability for law violations that the Bureau asserted or might have asserted based on the practices described in Section V of the Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. Respondent acknowledges that no promise or representation has been made by the Bureau or any employee, agent, or representative of the Bureau, about any liability outside of this action that may have arisen or may arise from the facts underlying this action or immunity from any such liability.
6. Respondent agrees that the facts described in Section V of the Consent Order will be taken as true and be given collateral estoppel effect, without further proof, in any proceeding before the Bureau to enforce the Consent Order, or in any subsequent civil litigation by the Bureau to enforce the Consent Order or its rights to any payment or monetary judgment under the Consent Order.

7. The terms and provisions of this Stipulation and the Consent Order will be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.
8. Respondent agrees that the Bureau may present the Consent Order to the Bureau Director for signature and entry without further notice.

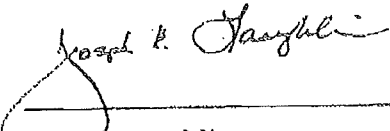
Waivers

9. Respondent, by consenting to this Stipulation, waives:
 - a. Any right to service of the Consent Order, and agrees that issuance of the Consent Order will constitute notice to the Respondent of its terms and conditions;
 - b. Any objection to the jurisdiction of the Bureau, including, without limitation, under section 1053 of the CFPA, 12 U.S.C. § 5563;
 - c. The rights to all hearings under the statutory provisions under which the proceeding is to be or has been instituted; the filing of proposed findings of fact and conclusions of law; proceedings before, and a recommended decision by, a hearing officer; all post-hearing procedures; and any other procedural right available under section 1053 of the CFPA, 12 U.S.C. § 5563, or 12 C.F.R. pt. 1081;
 - d. The right to seek any administrative or judicial review of the Consent Order;
 - e. Any claim for fees, costs, or expenses against the Bureau, or any of its agents or employees, and any other governmental entity, related in any way to this enforcement matter or the Consent Order, whether arising under common law or under the terms of any statute, including, but not

limited to the Equal Access to Justice Act and the Small Business Regulatory Enforcement Fairness Act of 1996; for these purposes, Respondent agrees that Respondent is not the prevailing party in this action because the parties have reached a good-faith settlement;

- f. Any other right to challenge or contest the validity of the Consent Order;
- g. Such provisions of the Bureau's rules or other requirements of law as may be construed to prevent any Bureau employee from participating in the preparation of, or advising the Director as to, any order, opinion, finding of fact, or conclusion of law to be entered in connection with this Stipulation or the Consent Order; and
- h. Any right to claim bias or prejudgment by the Director based on the consideration of or discussions concerning settlement of all or any part of the proceeding.

TRANSWORLD SYSTEMS, INC. BY:



Joseph Laughlin
Chief Executive Officer

SEPTEMBER 14, 2017

Date

EXHIBIT 2

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING File
2017-CFPB-0018

In the Matter of:

TRANSWORLD SYSTEMS, INC.

CONSENT ORDER

I.

Overview

The Consumer Financial Protection Bureau (Bureau) has reviewed the debt collections litigation practices of the Attorney Network business unit of Transworld Systems, Inc. ("TSI") ("Respondent"), the agent and Service Provider for fifteen (15) Delaware statutory trusts referred to as the National Collegiate Student Loan Trusts ("NCSLTs", or "the Trusts", which are the National Collegiate Master Student Loan Trust, NCSLT 2003-1, NCSLT 2004-1, NCSLT 2004-2, NCSLT 2005-1, NCSLT 2005-2, NCSLT 2005-3, NCSLT 2006-1, NCSLT 2006-2, NCSLT 2006-3, NCSLT 2006-4, NCSLT 2007-1, NCSLT 2007-2, NCSLT 2007-3, and NCSLT 2007-4), and has identified violations of sections 1031(a) and 1036(a)(1) of the Consumer Financial Protection Act of 2010 (CFPA). Under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

To collect on defaulted private student loans, Law Firms engaged by Respondent's Attorney Network business unit filed debt Collections Lawsuits in state

courts across the country on behalf of the Trusts. In support of many of these lawsuits, Respondent executed affidavits that falsely claimed personal knowledge of the account records and the consumer's debt, and in many cases, personal knowledge of the chain of assignments establishing ownership of the loans. In addition, since November 1, 2014, Law Firms hired by Respondent filed hundreds of debt Collections Lawsuits without the documentation necessary to prove Trust ownership of the loans.

II

Jurisdiction

1. The Bureau has jurisdiction over this matter under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565.

III

Stipulation

2. Respondent has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated September 14, 2017 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau's jurisdiction over Respondent and the subject matter of this action.

IV

Definitions

3. The following definitions apply to this Consent Order:
- a. "Affiant" means any signatory to an Affidavit, signing in his or her capacity as an employee or agent of Respondent, but excluding one signing solely as a notary or witness to the act of signing.
 - b. "Affidavit" means any sworn statement filed with a court in connection with a Collections Lawsuit.
 - c. "Board" means TSI's duly elected and acting Board of Directors.
 - d. "Clearly and Prominently" means:
 - i. as to written information: written in a type size and location sufficient for an ordinary consumer to read and comprehend it, and disclosed in a manner that would be easily recognizable and understandable in language and syntax to an ordinary consumer; if the information is contained in a multi-page print document, the disclosure appears on the first page.
 - ii. as to information presented orally: spoken and disclosed in a volume, cadence, and syntax sufficient for an ordinary consumer to hear and comprehend.
 - e. "Collections Lawsuits" means attempts by a Law Firm engaged by Respondent's Attorney Network business unit, for an account owned or alleged to be owned by a Trust, through judicial processes in the United States of America, to collect or establish a Consumer's liability for a Debt.
 - f. "Consumer" means any natural person obligated or allegedly obligated to pay any Debt.

- g. "Debt" means any obligation or alleged obligation of a Consumer to pay money arising out of a transaction in which the money, property, insurance, or services which are the subject of the transaction are primarily for personal, family, or household purposes, whether or not such obligation has been reduced to judgment.
- h. "Effective Date" means the date on which the Consent Order is issued.
- i. "Enforcement Director" means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his/her delegate.
- j. "Law Firm" means a law firm engaged by Respondent's Attorney Network business unit to collect student loan Debt on behalf of the National Collegiate Student Loan Trusts.
- k. "Regional Director" means the Regional Director for the Northeast Region for the Office of Supervision for the Consumer Financial Protection Bureau, or his/her delegate.
- l. "Related Consumer Action" means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section V of this Consent Order.
- m. "Relevant Period" includes the period from November 1, 2014 to April 25, 2016.
- n. "Respondent" means Transworld Systems, Inc., and its successors and assigns.

- o. "Service Providers" means any service provider, as defined in section 1002(26) of the CFPA, 12 U.S.C. § 5481, that provides or provided services with respect to the servicing of the student loans owned by a NCSLT.

V.

Bureau Findings and Conclusions

The Bureau finds the following:

- 4. The National Collegiate Student Loan Trusts ("NCSLTs" or "the Trusts") comprise fifteen (15) Delaware statutory trusts created between 2001 and 2007. The basic purpose of each Trust is to acquire a pool of student loans, enter into the so-called trust-related agreements, and provide for the administration of the Trusts and the servicing of student loans.
- 5. The Trusts do not have any employees and all actions taken by the Trusts in connection with loan servicing and collecting Debt are carried out by third parties.
- 6. Debt-collection activities on behalf of the Trusts are carried out by the successor special servicer's sub-servicer pursuant to servicing agreements with the successor special servicer.
- 7. Sub-servicers that executed and notarized the deceptive affidavits did so as Service Providers and agents of the Trusts.
- 8. Law Firms that filed lawsuits on behalf of the Trusts did so as Service Providers and agents of the Trusts.

9. Respondent Transworld Systems, Inc. (TSI) is incorporated under the laws of the State of California and maintains a principal place of business in Ft. Washington, Pennsylvania.
10. TSI maintains an office in Peachtree Corners, Georgia, where its employees execute and notarize affidavits for Collections Lawsuits brought on behalf of the Trusts.
11. A national network of Law Firms engaged by Respondent file and prosecute Collections Lawsuits on behalf of the Trusts in courts across the country.
12. TSI has operated as the successor sub-servicer to the successor special servicer of the Trusts since November 1, 2014.
13. TSI is a "covered person" under 12 U.S.C. § 5481(6) because it is engaged in the collection of debt and is a Service Provider. 12 U.S.C. § 5481(15)(A)(x), (26).
14. TSI is an agent and Service Provider of the Trusts.

FALSE AND MISLEADING AFFIDAVITS AND TESTIMONY

15. In connection with collecting or attempting to collect Debt from Consumers, between November 1, 2014 and April 25, 2016, Law Firms hired by Respondent on behalf of the Trusts initiated 37,689 Collections Lawsuits in courts across the country on behalf of the Trusts.
16. In support of the Collections Lawsuits, Law Firms submitted Affidavits executed by Respondent and documents in support of the Trusts' claims that Consumers owed Debts to a Trust.
17. Respondent executed and notarized Affidavits--often with attached exhibits--that were used by Law Firms in many of the Collections Lawsuits

brought on behalf of the Trusts between November 1, 2014 and April 25, 2016.

18. In these Affidavits, the Affiants swore that they had personal knowledge of the education loan records evidencing the Debt. In fact, in numerous instances, Affiants lacked personal knowledge of the education loan records evidencing the Debt when they executed the Affidavits.
19. The Affiants also asserted that they were authorized and competent to testify about the Consumers' Debts through review of and "personal knowledge" of the business records, including electronic data in their possession. In fact, in certain instances, Affiants lacked personal knowledge of the business records, including the electronic data, showing that Consumers owed Debts to the Trusts. Affiants were instructed to review certain data on a computer screen as part of an effort to verify some information in the Affidavits about the Debts. Affiants, however, did not always know the source of the data on that screen, how the data was obtained or maintained, whether it was accurate, or whether that data meant that the Debt was in fact owed to the Trusts.
20. Each Affiant also swore that he/she had "personal knowledge of the record management practices and procedures of Plaintiff [the Trust] and the practices and procedures Plaintiff requires of its loan servicers and other agents." In fact, certain Affiants lacked personal knowledge of the record management practices and procedures of the Trusts and the practices and procedures the Trusts required of its loan servicers and other agents.

21. In many Affidavits, the Affiants also stated that "I have reviewed the chain of title records as business records" regarding the relevant account. In some cases, Affiants did not possess the chain of title records but reviewed "chain of title" records that were found online on a government portal maintained by the Securities and Exchange Commission. In numerous instances, Affiants did not review the chain of title records prior to executing the Affidavits.
22. In certain Affidavits, the Affiants asserted that they had personal knowledge that the loans were transferred, sold, and assigned to the plaintiff Trusts on dates certain. In fact, in numerous instances, Affiants lacked personal knowledge of the chain of assignment records necessary to prove that the relevant Trust owned the subject loans.
23. In some instances, certain Affiants complained to supervisors that they did not have personal knowledge of the representations made in the Affidavits. These affiants continued to execute Affidavits, however, for fear of losing their jobs.
24. Affiants also provided live testimony in court, purportedly based on personal knowledge, similar to the statements made in the Affidavits as described in Paragraphs 18-22.

**FILING LAWSUITS WITHOUT THE INTENT OR ABILITY TO
PROVE THE CLAIMS, IF CONTESTED**

25. From November 1, 2014 to April 25, 2016, on behalf of the Trusts, Law Firms filed numerous Collections Lawsuits against Consumers even though

the complete documentation needed to prove that the Trusts owned the loans did not exist.

26. In these lawsuits, documentation of a complete chain of assignment evidencing that the subject loan was transferred to and owned by the Trust was lacking.
27. In addition, Law Firms hired by Respondent on behalf of the Trusts filed numerous Collections Lawsuits where the loans in question were disbursed to the Consumers after the loans allegedly were transferred to the Trusts according to the chain of assignment documents.
28. On numerous occasions, Law Firms hired by Respondent filed Collections Lawsuits even though the promissory note to prove that a Debt was owed did not exist.
29. For each Collections Lawsuit described in Paragraphs 25-28, Law Firms hired by Respondent could not prove that a Debt was owed to the Trusts, if contested.

Violations of the Consumer Financial Protection Act

30. Covered persons are prohibited from engaging "in any unfair, deceptive, or abusive act or practice" in violation of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).
31. An act or practice is deceptive under the CFPA if it involves a material representation or omission that misleads, or is likely to mislead, a consumer acting reasonably under the circumstances.
32. An act or practice is unfair if "(A) the act or practice causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by

consumers; and (B) such substantial injury is not outweighed by countervailing benefits to consumers or competition." 12 U.S.C. § 5531(c)(1).

FALSE AND MISLEADING COLLECTION AFFIDAVITS AND TESTIMONY

33. In numerous instances, in connection with collecting or attempting to collect Debt from Consumers, Respondent executed Affidavits that were used by Law Firms with many of the Collections Lawsuits filed by Law Firms on behalf of the Trusts in courts across the country, and in live testimony, Respondent represented, directly or indirectly, expressly or by implication, that:
- a. Affiants had personal knowledge of the account records and the Debt;
 - b. Affiants had personal knowledge of the chain of assignment records evidencing Trust ownership of the subject loan; and
 - c. Affiants had personal knowledge of the record management practices and procedures of the Trusts and all prior servicers.
34. In fact, as described in Paragraphs 18 to 24, in numerous instances, these representations were either false or the Affiant did not have a basis for making the representation.
35. The representations are material because they are likely to affect a Consumer's choice or conduct regarding how to respond to a Collections Lawsuit and are likely to mislead a Consumer acting reasonably under the circumstances.

36. Thus, representations by Respondent, as described in Paragraphs 18-24, constitute deceptive acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

**FILING LAWSUITS WITHOUT THE INTENT OR ABILITY TO PROVE
THE CLAIMS, IF CONTESTED**

37. In numerous instances, in connection with collecting or attempting to collect Debt from Consumers, Respondent, acting through the Law Firms hired by Respondent on behalf of the Trusts, represented, directly or indirectly, expressly or by implication, that it could be proven in the Collections Lawsuits that the Trusts owned the loans in question and that the Consumers in question owed Debts to the Trusts, if contested.
38. In fact, in numerous instances, Respondent lacked the complete chain of assignment documentation needed to prove Trust ownership of the subject loans and the promissory note needed to prove the existence of certain loans.
39. The representations are material because they are likely to affect a Consumer's choice or conduct regarding how to respond to a lawsuit and are likely to mislead a Consumer acting reasonably under the circumstances.
40. Thus, Respondent's representations, as described in Paragraphs 25-29, constitute deceptive acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).
41. In addition, Respondent's acts and practices, caused or were likely to cause substantial injuries to consumers.

- 42. The injuries to consumers included, but were not limited to, all payments made, including garnishments of wages and bank accounts, to settle Debts not enforceable.
- 43. The injuries to consumers were not reasonably avoidable by consumers and were not outweighed by any countervailing benefits to consumers or to competition.
- 44. Thus, Respondent's conduct, as described in Paragraph 25-29, constitutes unfair acts or practices in violation of sections 1031(c) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(c)(1), 5536(a)(1)(B).

ORDER

VI

Conduct Provisions

IT IS ORDERED, under sections 1053 and 1055 of the CFPA, that:

- 45. Respondent and its officers, Service Providers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536, and must take the following affirmative actions:
 - a. Respondent shall take all actions necessary to comply with the terms of the Consent Order.
 - b. Respondent must require that any Law Firm it retains in connection with the collection of student loans owned by the Trusts agree to abide by the terms and conditions of the Consent Order.
 - c. Within ninety (90) days of the Effective Date, Respondent must identify all Collections Lawsuits that were filed between November 1,

2014 and the Effective Date and that are missing the documentation described in subsection (f)(i) and (ii) of this Paragraph.

- d. Within ninety (90) days of the Effective Date, Respondent must identify all Collections Lawsuits that were filed seeking Debt outside the statute of limitations and provide this information to the successor special servicer or any other Service Provider of the Trusts.
- e. Within one-hundred twenty (120) days of the Effective Date, Respondent must provide to the successor special servicer and to the Bureau for each Consumer named in the suits identified in Paragraph 45c and 45d: the Consumer's name, all available contact information for the Consumer (including information in the possession of the attorneys who filed the suit), and the total amount of all payments made by the Consumer on or after the date on which the suit was filed.
- f. Respondent and its officers, agents, Service Providers, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not initiate a Collections Lawsuit to collect Debt unless Respondent possesses:
 - i. the documentation necessary to prove that a Trust owns the loan, including but not limited to, documentation reflecting the complete chain of assignment from the Debt's originator to the specific Trust claiming ownership; and
 - ii. a document signed by the Consumer, such as a promissory note, evidencing the agreement to pay the loan forming the basis of the Debt.

- g. Respondent and its officers, agents, Service Providers, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not cause Law Firms hired by Respondent on behalf of the Trusts to initiate a Collections Lawsuit to collect on a loan for which the applicable statute of limitations has expired.
- h. Respondent shall establish written policies requiring Law Firms to confirm that the applicable statute of limitations has not expired at the time of the filing of the Collections Lawsuit;
- i. Respondent shall require Law Firms to provide a quarterly report to Respondent that includes, for each Collections Lawsuit, any data relevant to determining the applicable statute of limitations, such as date of lawsuit, date of default, and date of last payment, as well as identifies any lawsuits in which a consumer alleges in his pleadings that the lawsuit was filed outside the statute of limitations.
- j. Respondent shall not collect any Debt through a Collections Lawsuit that Respondent knows or learns was filed outside the statute of limitations, and if any such cases are pending, Respondent shall seek the immediate withdrawal or dismissal of the lawsuit.
- k. Respondent and its officers, agents, Service Providers, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not cause Law Firms hired by Respondent on behalf of the Trusts to collect any Debt through

Collections Lawsuits that Respondent or its agents have any reason to believe may be unenforceable.

1. Respondent, its officers, agents, Service Providers, servants, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Consent Order, whether acting directly or indirectly, are permanently restrained and prohibited from, in connection with the collection of a Debt, executing any Affidavit containing any misrepresentations, including false statements that:
 - i. the Affiant is familiar with or has personal knowledge of the Consumer's education loan records or the maintenance of those records;
 - ii. the Affiant has personal knowledge of the Consumer's debt;
 - iii. the Affiant has personal knowledge of the loan's chain of assignment or ownership;
 - iv. the Affiant has personal knowledge of the documents relating to the loan's chain of assignment or ownership;
 - v. the Affidavit has been properly notarized if the Affidavit was not executed in the presence of a notary or if the notarization was otherwise not compliant with applicable notary laws; or
 - vi. certain documents or records concerning the Debt forming the basis of the Collections Lawsuit have been reviewed by the Affiant.
46. Respondent, its officers, agents, Service Providers, servants, employees, and attorneys, and all other persons in active concert or participation with any

of them, who receive actual notice of this Consent Order, whether acting directly or indirectly, are permanently restrained and prohibited from, in connection with the collection of a Debt, providing any testimony that contains any misrepresentations, including false statements that the witness:

- a. is familiar with or has personal knowledge of the Consumer's education loan records or the maintenance of those records;
 - b. has personal knowledge of the Consumer's debt;
 - c. has personal knowledge of the loan's chain of assignment or ownership; or
 - d. has personal knowledge of the documents relating to the loan's chain of assignment or ownership.
47. If Respondent determines that it engages in any conduct prohibited by this Order, including but not limited to Paragraphs 45-46 of this Order, Respondent promptly will take the necessary steps to ensure that it ceases any and all practices that violate this Order.
48. Within ten (10) days of making the determination described in Paragraph 47 Respondent must submit to the Regional Director a report detailing (a) the practices that violate the Order, (b) the specific agents engaged in the practices in question, and (c) a plan to ensure that the practices cease and to remediate any harm resulting from the practices.
49. With regard to pending Collections Lawsuits filed by a Law Firm in which Respondent executed an Affidavit that was filed in support of the pending Collection Lawsuit and that contains any misrepresentations—including but

not limited to false statements that the Affiant: (1) is familiar with or has personal knowledge of the Consumer's education loan records or the maintenance of those records, (2) has personal knowledge of the consumer's indebtedness, (3) has personal knowledge of the loan's chain of assignment or ownership, (4) has personal knowledge about the maintenance of documents relating to the loan's chain of assignment or ownership, or (5) has attached as an exhibit a true and correct copy of a document—Respondent shall take the steps necessary, including getting permission from the successor special servicer, to direct Law Firms acting on behalf of the Trusts to withdraw such Affidavit unless the Trusts dismiss the suit in which the Affidavit was filed. Respondent shall take the steps necessary, including getting permission from the successor special servicer, to direct Law Firms acting on behalf of the Trusts to notify the court of the following in writing and must also simultaneously provide the court with a copy of the Consent Order entered into between the Bureau and the Respondent: "Plaintiff withdraws the affidavit of [insert name of Affiant] pursuant to Consent Order entered into by the Consumer Financial Protection Bureau and Transworld Systems, Inc."

50. With regard to Collections Lawsuits that were filed in which Respondent executed an Affidavit that was filed with a court or in arbitration, and a judgment was entered, that contained any misrepresentations—including but not limited to false statements that the Affiant: (1) is familiar with or has personal knowledge of the Consumer's education loan records or the maintenance of those records, (2) has personal knowledge of the

Consumer's indebtedness, (3) has personal knowledge of the loan's chain of assignment or ownership, (4) has personal knowledge about the maintenance of documents relating to the loan's chain of assignment or ownership, or (5) has attached as an exhibit a true and correct copy of a document—Respondent must instruct the Law Firms to cease post-judgment enforcement activities and Respondent will take the steps necessary, including getting permission from the successor special servicer, to instruct the Law Firms acting on behalf of the Trusts to seek to remove, withdraw, or terminate any active wage garnishment, bank levies, and similar means of enforcing those judgments or settlements as well as cease accepting settlement payments related to any such Collections Lawsuits.

51. Respondents must cooperate in all respects with any directive from the successor special servicer acting on behalf of the Trusts to:
 - a. Make certain disclosures in connection with the collection of Debt owned by the Trusts;
 - b. Withdraw any Affidavit or Collection Lawsuit; or
 - c. Provide loan information or documents to the successor special servicer, including but not limited to, information and documents related to:
 - i. Whether certain loans owned by the Trusts are no longer legally enforceable because the applicable statute of limitations has expired;
 - ii. Whether Collections Lawsuits have been filed on any loans where sufficient documentation, including signed promissory notes and

documentation reflecting the complete chain of assignment from the Debt's originator to the Collection Lawsuit's named plaintiff, is not in the possession, custody or control of the Collection Lawsuit's named plaintiff to prove the existence of the Debt owed to the named plaintiff, or where the applicable statute of limitations has expired; and

- iii. Whether judgments were obtained in Collections Lawsuits described in Paragraph 51(c)(ii) and the identity of Consumers from whom the Trusts obtained payments in response to those Collections Lawsuits, and the specific amounts collected from these Consumers.

VII

Compliance Plan

IT IS FURTHER ORDERED that:

- 52. Within ninety (90) days of the Effective Date, Respondent must submit to the Regional Director for review and determination of non-objection a compliance plan designed to ensure that the Attorney Network business unit of Respondent complies with all applicable Federal consumer financial laws with respect to Collections Lawsuits and the terms of this Consent Order (Compliance Plan). The Compliance Plan must include, at a minimum:
 - a. Detailed steps for addressing each action required by this Consent Order;

- b. Comprehensive, written policies and procedures designed to prevent violations of Federal consumer financial laws and associated risks of harm to Consumers with respect to Collections Lawsuits;
- c. An effective employee training program required for all employees with any involvement in Collections Lawsuits, including but not limited to Affiants, whose duties include reviewing, executing, preparing, processing, verifying, , or notarizing of Affidavits that includes regular, specific, comprehensive training in Federal consumer financial laws commensurate with individual job functions and duties;
- d. Implementation of reasonable and appropriate written policies and procedures to ensure the proper notarization processes for Affidavits, including that notaries place the Affiants under oath and witness their signatures;
- e. Implementation of reasonable and appropriate written policies and procedures to ensure that Affiants verify the accuracy of each statement made in an Affidavit before executing the Affidavit;
- f. Comprehensive, written policies and procedures designed to ensure that any Law Firms engaged by Respondent to collect Debt do not violate any Federal consumer financial laws, which must include at a minimum:
 - i. the Law Firm's duty to maintain adequate internal controls to ensure compliance with Federal consumer financial laws;
 - ii. the Law Firm's duty to provide adequate training on compliance with all applicable Federal consumer financial laws and

Respondent's policies and procedures related to Collections
Lawsuits;

iii. Respondent's authority to conduct periodic onsite reviews of the
Law Firm's controls, performance, and information systems related
to Collections Lawsuits; and

iv. periodic review by Respondent of the Law Firm's controls,
performance, and information systems related to Collections
Lawsuits; and

g. Specific timeframes and deadlines for implementation of the steps
described above.

53. The Regional Director will have the discretion to make a determination of
non-objection to the Compliance Plan or direct Respondent to revise it. If
the Regional Director directs Respondent to revise the Compliance Plan,
Respondent must make the revisions and resubmit the Compliance Plan to
the Regional Director within thirty (30) days.

54. After receiving notification that the Regional Director has made a
determination of non-objection to the Compliance Plan or any amendments
thereto, Respondent must implement and adhere to the steps,
recommendations, deadlines, and timeframes outlined in the Compliance
Plan.

VIII

Role of the Board

IT IS FURTHER ORDERED that:

55. Respondent's Board must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order prior to submission to the Bureau.
56. Although this Consent Order requires Respondent to submit certain documents for the review or non-objection by the Regional Director, the Board will have the ultimate responsibility for proper and sound management of Respondent and for ensuring that Respondent complies with Federal consumer financial law and this Consent Order.
57. In each instance that this Consent Order requires the Board to ensure adherence to or perform certain obligations of Respondent, the Board must:
 - a. Authorize whatever actions are necessary for Respondent to fully comply with the Consent Order;
 - b. Require timely reporting by management to the Board on the status of compliance obligations; and
 - c. Require timely and appropriate corrective action to remedy any material non-compliance with any failures to comply with Board directives related to this Section.

IX

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

58. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section V of this Consent Order, and taking

into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$2.5 million to the Bureau.

59. Within ten (10) days of the Effective Date, Respondent must pay \$1.5 million of the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions. The remainder of the civil money penalty shall be paid in one installment within sixty (60) days of the Effective Date.
60. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
61. Respondent must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
 - a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
 - b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
62. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any

payment that the Bureau makes from the Civil Penalty Fund (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondent must, within thirty (30) days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

X

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

63. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.
64. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
65. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

66. Within thirty (30) days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Regional Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to Consumers and describe the Consumers or classes of Consumers to whom that redress has been or will be paid.

XI

Reporting Requirements

IT IS FURTHER ORDERED that:

67. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice, if practicable, at least thirty (30) days before the development, but in any case no later than fourteen (14) days after the development.
68. Within ninety (90) days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Regional Director an

accurate written compliance progress report (Compliance Report) that has been approved by the Board, which, at a minimum:

- a. Describes in detail the manner and form in which Respondent has complied with this Consent Order; and
- b. Attaches a copy of each Order Acknowledgment obtained under Section XII unless previously submitted to the Bureau.

XII

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that,

69. Within thirty (30) days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its board members as well as to any managers, employees, Service Providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
70. For five (5) years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section XI, any future board members or executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.
71. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic

signatures comply with the requirements of the E-Sign Act, 15 U.S.C. §§ 7001-7031, within thirty (30) days of delivery, from all persons receiving a copy of this Consent Order under this Section.

XIII

Recordkeeping

IT IS FURTHER ORDERED that

72. Respondent must create, or if already created, must retain for at least five (5) years from the Effective Date, the following business records:
 - a. All documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau.
73. Respondent must retain the documents identified in Paragraph 72 for the duration of the Consent Order.
74. Respondent must make the documents identified in Paragraph 72 available to the Bureau upon the Bureau's request.

XIV

Notices

IT IS FURTHER ORDERED that:

75. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re* Transworld Systems, Inc., File No. Year-CFPB- 0018," and send them either:
 - a. By overnight courier (not the U.S. Postal Service), as follows:

Regional Director, Bureau Northeast Region
Consumer Financial Protection Bureau
140 East 45th Street, 4th Floor
New York, NY 10017]

or

- b. By first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

Regional Director, Bureau Northeast Region
Consumer Financial Protection Bureau
140 East 45th Street, 4th Floor
New York, NY 10017

XV

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

76. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section V. Respondent must provide truthful and complete information, evidence, and testimony and Respondent must cause its officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon ten (10) days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

XVI

Compliance Monitoring

IT IS FURTHER ORDERED that, to monitor Respondent's compliance with this Consent Order:

77. Within fourteen (14) days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
78. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.
79. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XVII

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

80. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Regional Director.
81. The Regional Director may, in his/her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he/she determines good cause justifies the modification. Any such modification by the Regional Director must be in writing.

XVIII

Administrative Provisions

82. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 83.
83. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section V of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.
84. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under section 1053 of the CFPB, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
85. This Consent Order will terminate five (5) years from the Effective Date or five (5) years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent did not

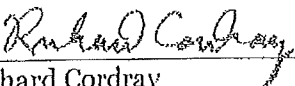
violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

86. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
87. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
88. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.
89. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the

accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

90. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing the Respondent, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 15th day of September, 2017.



Richard Cordray
Director
Consumer Financial Protection Bureau

EXHIBIT 3

Page 1

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

ESTHER HOFFMAN; SARAH)	
DOUGLASS; ANTHONY KIM; and)	
IL KIM and DARIA KIM,)	
husband and wife and the)	
marital community comprised)	No. C18-1132 TSZ
thereof, on behalf of)	
themselves and on behalf of)	
others similarly situated,)	
)	
Plaintiffs,)	
)	
vs.)	
)	
TRANSWORLD SYSTEMS)	
INCORPORATED; PATENAUDE AND)	
FELIX, A.P.C.; MATTHEW)	
CHEUNG, and the marital)	
community comprised of)	
MATTHEW CHEUNG and JANE DOE)	
CHEUNG, et al.,)	
)	
Defendants.)	

VIDEOCONFERENCE VIDEOTAPED 30(b)(6) DEPOSITION
UPON ORAL EXAMINATION OF
TRANSWORLD SYSTEMS, INC.,
CORPORATE REPRESENTATIVE BRADLEY LUKE

(All parties participating via Zoom)

DATE TAKEN: DECEMBER 16, 2021
REPORTED BY: SHERRILYN SMITH, CCR# 2097

1 A If I did I meant account management.

2 Q Account management.

3 A Yeah. So, basically, sending out accounts to
4 agencies or firms to attempt to collect on behalf of
5 the trusts.

6 Q So for those purposes you're -- they are paid
7 on some other contract basis that's not contingency?

8 A Yes, ma'am.

9 Q Okay. And who pays -- who pays TSI for that
10 work?

11 MR. HOMES: Same objections.

12 A The special sub-servicing fee comes from
13 U.S. Bank, I believe.

14 BY MS. HENRY:

15 Q Okay. And you are aware that TSI signed a
16 consent order with the Consumer Financial Protection
17 Bureau?

18 MR. ROSENBERG: Object to form.

19 MR. HOMES: Join.

20 A Yes, I'm aware of that.

21 BY MS. HENRY:

22 Q Okay. And do you recall any accounts from the
23 attorney networks that were pulled as a result of that
24 consent order with the CFPB?

25 MR. HOMES: So I'm going to interject an

1 objection here and assert a privilege regarding any
2 communications or any actions with -- that relate to
3 the consent order and what was done as a result of the
4 consent order. I think that's within privileges that
5 we've asserted, investigatory and supervisory
6 privileges at issue, we've mentioned in our briefing
7 and in our responses to discovery.

8 MS. HENRY: So just to clarify the
9 record, Justin, you are asserting the privilege on
10 behalf of what party?

11 MR. HOMES: Well, I'm asserting it on
12 behalf of TSI, and to the extent that the privilege, I
13 think, extends to the trusts, we would assert it on
14 their behalf as well --

15 MS. HENRY: And --

16 MR. HOMES: Given --

17 MS. HENRY: And what --

18 MR. HOMES: Given -- given our role --
19 given our role as a special sub-servicer for the
20 trusts.

21 MS. HENRY: And what's the basis of the
22 privilege, as to what type of privilege are you
23 asserting?

24 MR. HOMES: Well, in this instance, it
25 sounds like you are -- you are invading upon an

1 attorney-client privilege to the extent that attorneys
2 were involved in assisting TSI in -- with its
3 decisions regarding the handling of accounts.

4 MS. HENRY: And who would those
5 attorneys be?

6 MR. ROSENBERG: I think you also
7 mentioned investigatory privilege.

8 MR. HOMES: I did.

9 MR. CASAMENTO: Sherrilyn, can you read
10 the question back.

11 (The requested portion of the
12 transcript was read by the reporter.)

13 MR. CASAMENTO: Prior to that.

14 MR. HOMES: Well, he can answer the
15 question of who the attorneys are.

16 MR. CASAMENTO: Right.

17 The question before that.

18 (The requested portion of the
19 transcript was read by the reporter.)

20 MR. CASAMENTO: CFPB.

21 THE COURT REPORTER: Thank you.

22 MR. CASAMENTO: Okay. All right.

23 Thank you.

24 MS. HENRY: So let me clarify. When I
25 say -- you asserted that there was an attorney-client

1 privilege. My question is who would the attorney be,
2 Justin?

3 MR. HOMES: Well, TSI's attorneys.

4 MS. HENRY: And who are TSI's attorneys?

5 MR. HOMES: That's a question I think
6 you -- you can ask the witness.

7 MS. HENRY: Well, okay. You are
8 asserting the privilege, so for purposes of the
9 privilege, who are the attorneys?

10 MR. HOMES: But -- but I'm not asserting
11 it as to the attorneys, the identification of the
12 attorneys.

13 BY MS. HENRY:

14 Q Well, who are the attorneys --

15 MR. HOMES: TS- --

16 Q -- that would be -- that would be associated
17 with the CFPB consent order, Mr. Luke?

18 MR. HOMES: Attorneys that represent TSI
19 in connection with that.

20 BY MS. HENRY:

21 Q Do you know who those attorneys are, Mr. Luke?

22 A Yes, ma'am, I do.

23 Q And who are they?

24 A At that time it was the firm Venable LLP.

25 V-E-N-A-B-L-E.

1 Q Okay. And I'm going to just quickly ask this
2 before I go on to this. We talked for -- a minute ago
3 about contingency fees.

4 What is the percentage of the contingency fee
5 that TSI receives for their NCSLT work?

6 MR. HOMES: Objection to form. And
7 beyond the scope of the notice.

8 A It depends, actually, on the -- what we call
9 the level of account. Basically, the age of the
10 account.

11 BY MS. HENRY:

12 Q So is the contingency fee higher if the age is
13 older?

14 MR. HOMES: Same objections.

15 A Not necessarily. If you take legal out, yes.

16 Actually, hold on. I've got to go back and
17 look at the -- look at the fee rates per level. I --
18 I don't recall. They -- they vary from -- from level
19 to level.

20 BY MS. HENRY:

21 Q So what's the range of the lowest contingency
22 amount to the highest contingency amount?

23 MR. HOMES: Same objections.

24 A So TSI, I believe the lowest is 32 percent.
25 It goes up to maybe 40 percent.

1 BY MS. HENRY:

2 Q And that's a percentage of payments that come
3 in to -- that are paid directly to TSI; is that right?

4 A Well, that's -- that's a percentage of
5 payments collected on behalf of the trusts
6 regardless --

7 Q On behalf --

8 A -- who it's paid to.

9 Q Okay. Thank you.

10 Okay. Back to the consent order questions.

11 MR. HOMES: So real quick, Christina,
12 let me just say that to the extent there was some
13 discussion about percentages and earnings and -- and
14 compensation, I ask that be marked confidential, at
15 least for now, until I can evaluate it, because I
16 don't believe that subject was one of the topics.
17 I'll revisit that.

18 MS. HENRY: Okay. We -- we can talk
19 about it afterwards. I'm not agreeing to the
20 confidentiality.

21 BY MS. HENRY:

22 Q So we had some discussions before about the
23 consent order and Mr. Homes has lodged an objection.
24 Are you not going to answer any questions about the
25 TSI consent order regarding the NCSLT trusts today?

1 MR. HOMES: I think you need to hear the
2 questions.

3 BY MS. HENRY:

4 Q Well, the one question I asked is: Did you
5 recall any accounts from attorney networks as a result
6 of the TSI consent order?

7 Are you going to answer that question?

8 MR. HOMES: Right. And so as to that
9 question, I'm instructing him that to the extent -- I
10 mean, I think that invades a privilege, an
11 attorney-client privilege communication, and also
12 might reveal, likely, attorneys' mental impressions
13 and strategies about those matters, and I think that
14 is within the privilege that TSI is asserting.

15 A I don't believe I can answer that without
16 disclosing a privileged conversation.

17 MR. HOMES: And -- and I would -- just
18 want to add that, you know, again, I still -- and
19 we've had this discussion and it's been expressed, I
20 think, in some of the correspondence back and forth
21 back in October. But -- but to the extent you want to
22 ask the witness about accounts that were recalled, I'm
23 happy for him to have that dialogue with you and
24 get -- and get you that testimony.

25 But to the extent that you want that testimony

1 from their office, and they would mirror that code and
2 close the account from their side.

3 BY MS. HENRY:

4 Q And how did you communicate which accounts to
5 recall to the attorney network that were supposed to
6 be recalled on behalf of the TSI consent order with
7 the CFPB?

8 MR. ROSENBERG: Object to form.

9 MR. HOMES: Objection to form. Also,
10 invading the privilege for the reasons we've
11 previously discussed and tried to explain. Again, if
12 you want to seek that information unrelated to the
13 consent order, the witness is able and happy to
14 provide it.

15 MS. HENRY: And just for purposes of the
16 record, Justin, are you instructing the witness not to
17 answer?

18 MR. HOMES: That particular question, in
19 the way that you have phrased it, yes, I am.

20 BY MS. HENRY:

21 Q Mr. Luke, are you not answering the question?

22 A I'm not going to answer based on advice of
23 counsel.

24 Q And what did you communicate to Patenaude &
25 Felix regarding the TSI consent order with the CFPB?

1 MR. HOMES: Same objection --

2 UNIDENTIFIED SPEAKER: Object to form.

3 MR. HOMES: -- to form. Same privilege
4 assertions. Same suggestion to you, that if you want
5 to ask that question unrelated to the consent order,
6 you can obtain the information that you seek in a
7 nonprivilege -- without violating the privilege. I
8 encourage you to do so.

9 MS. HENRY: And Mr. Homes --

10 MR. ROSENBERG: Well --

11 MS. HENRY: -- are you --

12 MR. ROSENBERG: -- I --

13 MS. HENRY: -- instructing the witness
14 not to answer?

15 MR. ROSENBERG: Justin, also, you may
16 want to think about attorney-client privilege, in
17 addition to the CFPB, but that's your client's call to
18 assert. They're asking about communications between
19 Patenaude and TSI.

20 MR. HOMES: Yes, absolutely. I think we
21 have been talking about the attorney-client privilege
22 here, but yes.

23 BY MS. HENRY:

24 Q So in regards to attorney-client privilege,
25 is -- I'm going to ask Mr. Luke, is Patenaude & Felix

1 reread it.

2 BY MS. HENRY:

3 Q Are the trusts bound by the consent order,
4 Mr. Hom- -- Mr. Luke?

5 MR. HOMES: Same objections to form.
6 Calls for a legal conclusion.

7 A Not that I'm aware of.

8 BY MS. HENRY:

9 Q And what steps has TSI taken to comply with
10 the TSI consent order with the CFPB?

11 MR. HOMES: Objection. I think you are
12 invading on -- -al privileges, again, in addition to
13 the ones that we talked about, where actions may have
14 been taken at -- at -- on the advice of counsel, to
15 the extent that his -- he can testify outside of that.

16 I think the subject matter of your question
17 also implicates the supervisory privileges of the
18 CFPB, we've asserted those in briefing and in
19 discovery, written discovery in this case, and in
20 communications with you by letter.

21 MR. BECKETT: Hold on. Hold on, Justin.
22 The question wasn't what communications occurred, the
23 question was what did -- what -- how has TSI --

24 MR. HOMES: So hang --

25 MR. BECKETT: -- taken actions --

1 MR. HOMES: Wait.

2 MR. BECKETT: -- to comply --

3 MR. HOMES: Who's taking the deposition?

4 MR. BECKETT: -- with the TSI consent
5 order. So it's not --

6 MR. HOMES: I'm not sure who is
7 taking --

8 MR. BECKETT: -- asking for
9 communications, it's -- you've got to let me finish
10 talking because the court reporter can't take it both
11 down, and this will be put in the record if -- if we
12 don't get this resolved.

13 The question was what has TSI done to comply
14 with the court consent order, and it is not asking for
15 communications, it is asking for completed conduct or
16 partial conduct. So there -- there is a large swath
17 of information that -- that Mr. Luke can testify to
18 without revealing commu- -- confidential
19 communications.

20 And if it's your suggestion that -- that TSI
21 doesn't have to reveal the steps it took to comply
22 with the consent order here because of -- because that
23 constitutes a communication, we're going to have to go
24 before Judge Zilly on that, and I'm sure he's not
25 going to appreciate that.

1 MR. HOMES: First of all, again, I'm not
2 sure who is taking the deposition. My understanding
3 was Christina Henry was.

4 MR. BECKETT: Well, has that issue come
5 up before? Because I've never heard you say that
6 before and I -- this is the first time I've
7 interjected this entire -- the entire time. I -- I
8 came in late and this is the first time I've
9 interjected.

10 MR. ROSENBERG: I think you jumped on me
11 when I interjected at one of the depositions one time.

12 MR. BECKETT: So what does that have to
13 do with what's happening --

14 MR. HOMES: I would just add that --

15 MR. BECKETT: What --

16 MR. HOMES: -- we're also talking --

17 MR. BECKETT: -- does that have to do --

18 MR. HOMES: -- about --

19 MR. BECKETT: -- with what's happening
20 today?

21 MR. ROSENBERG: Well, you're just doing
22 the same thing that you said --

23 MR. BECKETT: Okay. So you're --

24 MR. ROSENBERG: -- shouldn't be done.

25 MR. LEONARD: So you're employing

1 communications and the opinion work products that come
2 into play with that.

3 I am suggesting, and I'll do it again in a
4 different way, that you ask the questions regarding
5 the facts in a way unrelated to the consent order so
6 that you can gain those facts.

7 For example, you can ask, and I will not
8 object, what did TSI do after September 18, 2017,
9 what -- what accounts did TSI with- -- recall from a
10 collection attorney after September 18, 2017, or
11 within 90 days of that, or within half a year of that,
12 or within the lifetime of -- of TSI's sub-servicing.
13 And then you can decide if -- if the actions and
14 the -- and the facts of those matters are in
15 compliance with the consent order or not.

16 MS. HENRY: All right. Are we ready to
17 get back on -- ready to start questioning again?

18 MR. HOMES: Yes.

19 BY MS. HENRY:

20 Q Okay. Mr. Luke, what did TSI do to comply
21 with the consent order, TSI consent order with the
22 CFPB?

23 MR. HOMES: Same objections.

24 MR. ROSENBERG: Object to form.

25 MR. HOMES: Same objections. Same

1 assertions of privilege. Same instruction.

2 A I do not believe I --

3 MS. HENRY: Are you instructing Mr. Luke
4 not to answer, Mr. Homes?

5 MR. HOMES: I'm instructing him not to
6 answer that question. Again, I -- I urge you to ask
7 the question in a way that does not invade upon the
8 privilege so you can gather the same very facts that
9 you are seeking.

10 BY MS. HENRY:

11 Q Mr. Luke --

12 A I'm going to follow advice of counsel and --
13 and not answer that question as asked.

14 BY MS. HENRY:

15 Q Okay. Now I'm going to ask you a few other
16 questions.

17 Do you know Brian Jackson?

18 A Yes, ma'am, I do.

19 Q And have you ever been to his house?

20 A Yes, ma'am, I have.

21 Q And when was the last time you were at his
22 house?

23 MR. HOMES: Object to the form. This is
24 beyond the scope of the notice, beyond the scope of
25 30(b)(6) deposition. We'll let it -- we'll go a

EXHIBIT 4

Rough Draft of 30(b)(6) Bradley Luke - Vol. II

March 8, 2022



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DRAFT COPY

1 THE VIDEOGRAPHER: This is Volume 2 in
2 the continuation 30(b)(6) deposition of Bradley Luke
3 in the matter of Esther Hoffman, et al., versus
4 Transworld Systems Incorporated, Cause No. C18-1132
5 TSZ in the United States District Court, Western
6 District of Washington, and was noticed by Christina
7 L. Henry of Henry DeGraaff, P.S. The time is now
8 approximately 9:34 a.m. on this 8th day of March 2022,
9 and we are convening via Zoom video teleconference.
10 My name is Michael Henry from Buell Realtime
11 Reporting, LLC, located at 1325 Fourth Avenue, Suite
12 1840, in Seattle, Washington.

13 Would counsel please identify yourselves for
14 the record.

15 MS. HENRY: Christina Henry and --
16 attorney for the plaintiff.

17 MR. BECKETT: I'm Guy Beckett. I'm
18 going to be -- I'm cocounsel for the plaintiff and
19 will be observing.

20 MR. HOMES: Justin Homes. I'm here on
21 behalf of TSI, one of the defendants.

22 MR. CASAMENTO: Greg Casamento on behalf
23 of the trust defendants.

24 MR. ROSENBERG: Mark Rosenberg on behalf
25 of Patenaude & Felix, A.P.C., and Matthew Cheung.

1 MR. LEONARD: This is Sam Leonard. I'm
2 almo- -- also an attorney for the plaintiffs, but I
3 will just be observing today.

4 MR. ST. ANGELO: And this is Bradley
5 St. Angelo, I'm also in the room with Justin, with
6 Sessions. I will be also observing for TSI.

7 THE VIDEOGRAPHER: Thank you.

8 Would the court reporter please administer the
9 oath to the witness.

10

11 BRADLEY LUKE - 30(b)(6), witness herein, having been
12 first duly sworn on oath, was
13 examined and testified as
14 follows:

15

16 THE COURT REPORTER: Thank you.

17 MR. HOMES: Christina, just a real quick
18 question before you get started, really two. One, I
19 think I know the answer to this, but the videographer
20 is no relation to -- to you, correct?

21 MS. HENRY: No.

22 (Simultaneous talking.)

23 MS. HENRY: The videographer has been
24 hired by the Buell court reporting --

25 MR. HOMES: Got it.

1 And then could I please have a current
2 duration of this deposition from the court reporter?

3 And if you're not prepared to give that at the
4 moment, on the next break let us know where we're at.

5 THE COURT REPORTER: Will do.

6 MR. HOMES: Thanks.

7 Thanks, Christina.

8 MS. HENRY: I have sent an exhibit into
9 the chat. And -- and I think I've also emailed it to
10 Marc Rosenberg and the court reporter.

11 Can you verify that you have received that,
12 Madam Court Reporter?

13 THE COURT REPORTER: Give me one second.
14 Yes.

15 MS. HENRY: Okay. And, Mr. Luke, have
16 you also received the document?

17 THE WITNESS: Yes, ma'am. I received
18 it. I'm just pulling it up.

19 MS. HENRY: So, Madam Court Reporter, I
20 believe that the last exhibit was Exhibit 14, so I'm
21 going to ask that this be Exhibit 15.

22 THE COURT REPORTER: Correct.

23 (Exhibit No. 15 marked.)

24 BY MS. HENRY:

25 Q So, Mr. Luke, I'm going to ask you if you have

1 seen the document that I'm sending, that I have
2 presented to you, that is now Exhibit 15, and can you
3 tell me if you recognize it and if you are prepared to
4 testify regarding the contents of that document today?

5 A Yes, ma'am, I'm familiar with the document and
6 prepared to -- to testify regarding it.

7 Q Okay. And so that document is a consent order
8 that Transworld System, Inc. entered into with the
9 Consumer Financial Protection Board -- Bureau,
10 correct?

11 A Yes, ma'am, that is a consent order that
12 Transworld Systems, Incorporated entered into with the
13 CFPB.

14 Q And you were working at Transworld Systems,
15 Inc. at the time that the investigation was being done
16 by the CFPB, correct?

17 MR. HOMES: Object to form.

18 A Yes, ma'am, I was an employee of Transworld
19 Systems while the -- while the investigation was going
20 on.

21 BY MS. HENRY:

22 Q And do you remember when that investigation
23 began?

24 MR. CASAMENTO: Sorry. I'm sorry to
25 interrupt.

1 Ms. Smith, can you note that on behalf of the
2 trusts, if any other defendant objects we'll join in
3 that objection without me having to say so on the
4 record, so I don't interfere with Ms. Henry's de- --
5 thank you.

6 MR. ROSENBERG: And that is Marc
7 Rosenberg, and the same will go for Patenaude & Felix,
8 unless we indicate otherwise, that we also join the
9 objections of -- of any other party that objects, or
10 any other defendant that objects.

11 Thank you.

12 MR. HOMES: The same goes for TSI.

13 Thanks.

14 A Sorry, Ms. Henry. Can you repeat your
15 question?

16 BY MS. HENRY:

17 Q Can you tell me when the investigation from
18 the CFPB began?

19 A I don't specifically recall.

20 Q But you were working at TSI at the time,
21 correct?

22 A Yes, ma'am.

23 Q Okay. And were you the one that coordinated
24 and supplied documents to the CFPB in response to
25 their investigation request?

1 MR. HOMES: Object to form.

2 A I -- I assisted in providing various pieces of
3 documentation or information to my counsel in response
4 to any investigation request that TSI had received.

5 BY MS. HENRY:

6 Q Okay. And can you tell me, were any
7 Washington borrowers and their information supplied to
8 the CFPB as part of that information request?

9 MR. HOMES: So I'm going -- give me a
10 moment here. I'm going to make an objection. I think
11 that the scope and content of any investigation
12 preceding the consent order that was marked as an
13 exhibit, I believe Exhibit 15 -- this deposition is
14 beyond the scope of what the Court instructed that we
15 appear and testify about. I think the Court was
16 pretty clear that we were here to testify about what
17 the consent order required and what TSI may have done,
18 what actions it undertook to comply with those
19 mandates in the consent order.

20 I think your questions about the investigation
21 preceding the consent order are well outside the scope
22 of that and at the moment I'm going to instruct him
23 not to answer those questions.

24 MS. HENRY: So, Justin, you are
25 instructing him not to answer, because we were shut

1 down about all information concerning the Consumer
2 Financial Protection Bureau consent order? So you're
3 instructing your client not to answer, correct?

4 MR. HOMES: I think you -- I think you
5 are allowed to talk about and ask questions about what
6 TSI did to comply with the consent order. If you can
7 show me something in the Court's most recent ruling
8 that -- that's different than that we'll listen and --
9 have question about it.

10 MS. HENRY: Well, I'm actually going to
11 stop the proceedings for a moment and take a break
12 because I'm going to consult with my other attorneys,
13 because if we're going down the road I'm questioning
14 as to whether or not we need to ask the Court for
15 guidance.

16 MR. HOMES: Okay. We'll do the same.
17 Do we have a breakout room?

18 THE COURT REPORTER: Would you like to
19 go off the record?

20 MS. HENRY: Yes, I was requesting that
21 we went off the record.

22 THE VIDEOGRAPHER: Off the record at
23 9:42 a.m.

24 (A break was taken from
25 9:42 a.m. to 10:02 a.m.)

1 THE VIDEOGRAPHER: On the record at
2 10:02 a.m.

3 MS. HENRY: Okay. So I'm going to ask
4 you -- you've all had a chance to think, so what is it
5 that you want to do?

6 MR. HOMES: Yeah. So, you know, we're
7 going to -- we're going to stand on the objections and
8 the instruction. I think the questions that are being
9 asked about investigation activities prior to the
10 consent order were topics that were not asked
11 previously, they were not topics that were the subject
12 of the -- of your motion to compel, and I think pretty
13 clearly are not topics that the Court instructed that
14 we -- an answer --

15 THE COURT REPORTER: And, I'm sorry,
16 Mr. Homes, I'm having a hard time hearing you, you
17 drop off at the end.

18 MR. HOMES: Okay. Yeah. And I'm sorry,
19 I'm talking into my computer instead of the phone.

20 THE COURT REPORTER: That's better.

21 MR. HOMES: So just -- just to -- to
22 reiterate, you know, I think the questions regarding
23 what investigation activities were undertaken prior to
24 the entry of the consent order are not something -- is
25 not a topic that was discussed or raised at the prior

1 deposition of TSI, it was not a subject of any motion
2 to compel by the plaintiffs, and it is not what the
3 Court explained in its recent order or minute order
4 from February 8, 2022, and that that order didn't open
5 the door to this line of questioning.

6 The order is pretty specific and it's pretty
7 clear that we are going to appear, and we -- and we
8 presented a witness to appear to talk about what TSI
9 did, what actions it undertook to comply with the
10 mandates in the consent order, so that's our position.

11 MS. HENRY: And -- and, Justin, we
12 respectfully disagree. We -- it's our position that
13 you're ^ going to shut down entirely about questions
14 concerning the consent order ^ and ^ in CFPB and we
15 stand by the -- all topics in the notice of
16 deposition, which is Exhibit 1, and we are not waiving
17 our ability to deal with any question that's in
18 Exhibit 1 that was -- has not been answered.

19 And so at this point though, we're -- we would
20 have to ask the Court for additional guidance, we
21 believe, so we are going to ask other questions at
22 this time, but we are preserving the right to go to
23 the Court about those issues.

24 MR. HOMES: I understand.

25 MS. HENRY: And -- and that deals with,

1 you know -- okay. Because there was a topic in the
2 notice of deposition, a proper topic.

3 BY MS. HENRY:

4 Q Okay. So, Mr. Luke, you have the consent
5 order in front of you, correct?

6 A Yes, ma'am.

7 Q I'm going to have you go to Page 12 of that
8 consent order.

9 A Yes, ma'am.

10 Q And do you see where it says "Order," and then
11 "VI," and the "Conduct Provisions"?

12 A Yes, ma'am, I see that.

13 Q Okay. So this is -- this is the -- the part
14 of the consent order that deals with what the order
15 actually did, and I'm going to take you through the
16 provisions of Paragraph 45, I'm going to just
17 highlight some.

18 So in Paragraph 45 it said that TSI and
19 others, their agents, service -- servants, employees,
20 and attorneys who have actual notice of this consent
21 order, acting directly or indirectly, must take the
22 following affirmative actions.

23 So can I confirm with you, did your attorneys
24 in this case, Patenaude & Felix, do they have actual
25 notice of consent order from the -- TSI?

1 MR. ROSENBERG: Object to form. Object
2 to the extended narrative at the commencement of that
3 question and the legal conclusions contained with
4 that.

5 A (Inaudible.)

6 (Simultaneous talking.)

7 MR. ROSENBERG: And -- and I don't hold
8 the attorney-client privilege, but the judge did
9 indicate that the communications between TSI and
10 Patenaude & Felix were not a proper subject for
11 inquiry, and so I would leave that to TSI and the
12 Trusts to decide whether or not to object.

13 BY MS. HENRY:

14 Q Mr. Luke, can I have your answer?

15 A Yes, ma'am. Patenaude was provided a copy of
16 the consent order.

17 Q Okay. And do you know -- so this order is
18 dated September 18th, 2017. Was that notice given to
19 them on that date or prior to that date?

20 MR. HOMES: Object to form.

21 A To my recollection neither. It was given
22 shortly after the entry of the order.

23 BY MS. HENRY:

24 Q Okay. And do you see 45.b?

25 A Sorry, B as in boy.

1 Q B as in boy.

2 A Yes, ma'am.

3 Q And go ahead and read that to yourself.

4 (Pause in the proceedings.)

5 Q So what instructions did TSI give Patenaude &
6 Felix to comply with the terms and conditions of the
7 consent order?

8 MR. HOMES: I'm -- I'm going to object.
9 What you are calling for, it necessarily implicates
10 attorney-client communications, so I'm going to object
11 on that basis, and communications and THE content of
12 those communications with counsel are privileged. I'm
13 not sure how he can answer that question without --
14 without violating that -- that com- -- that
15 attorney-client communication, but with that --

16 MS. HENRY: And are you instructing him
17 not to answer, Justin?

18 MR. HOMES: I'm instructing him not to
19 reveal contents of communications with lawyers. He
20 can answer the question without revealing the content
21 of that communication -- do so.

22 BY MS. HENRY:

23 Q I -- go ahead. I mean, I'm not going to tell
24 you to not -- are you going to answer, Mr. Luke?

25 A I can confirm that TSI complied with

1 Paragraph 45, Subparagraph B, but as far as the
2 contents of -- of that communication, I'm going to
3 follow the advice of counsel and not reveal the
4 privileged nature of those communications.

5 MS. HENRY: So just to confirm for the
6 record, you have instructed him not to answer about
7 instructions that were given to Patenaude & Felix
8 concerning Paragraph 45.b of the consent order --

9 MR. HOMES: I'm --

10 MS. HENRY: -- correct?

11 MR. HOMES: I'm instructing the witness
12 not to answer questions that would reveal the
13 substance of communications between TSI and the
14 lawyers who were involved in NCSLT, or National
15 Collegiate Student Loan Trust accounts pertaining to
16 the consent order.

17 MR. ROSENBERG: I think the Court was
18 clear, that it denied plaintiffs' requests to obtain
19 attorney-client communications in this regard.

20 MS. HENRY: We -- we respectfully
21 disagree. We think you were in violation of the
22 minute order, and I'm just saying that for the record.

23 At the moment, I'm moving on.

24 MR. ROSENBERG: You might want to read
25 that minute order again.

1 MS. HENRY: I'm --

2 (Simultaneous talking.)

3 MS. HENRY: Looking right at it, Mr. --

4 MR. ROSENBERG: -- attorney-client
5 communications.

6 MS. HENRY: I'm looking right at it
7 Mr. Rosenberg.

8 BY MS. HENRY:

9 Q So I'm also asking you to look at Paragraph
10 45.d, as in David.

11 A And you would like for me to read that to
12 myself or aloud on the record?

13 Q Actually, I'm going to strike that. That's
14 not correct.

15 Look at 45.f, as in Frank. So go ahead and
16 familiarize yourself with F1 and F2. F1, little I,
17 and F2, little I.

18 (Pause in the proceedings.)

19 Q So my questions to you are: For collection
20 actions that were initiated after this consent order,
21 can you tell me what documentation did you supply to
22 make sure that you complied with F.i?

23 MR. HOMES: Object to form.

24 MR. ROSENBERG: Supply to who?

25 A I'm sorry, Christina, I actually didn't catch

1 one of the words in the middle of your -- in the
2 middle of your question, between --

3 Q What --

4 A If you could --

5 Q I'm going to strike it and start again.

6 Mr. Luke, how did -- what did TSI do to comply
7 about 45.f.i of the consent order?

8 MR. HOMES: I'm going to -- I'm going to
9 object to the question at least as to form, but it
10 misstates Paragraph 45.f. 45.f includes a
11 prohibition, not a requirement to take action. In the
12 Court's order, minute order from February 8th is
13 pretty clear, that we're going to answer questions --
14 or we could answer questions about actions that were
15 taken. Paragraph 45.f speaks to prohibitions.

16 A So TS- --

17 BY MS. HENRY:

18 Q Mr. Luke?

19 A -- TSI undertook a process and ensured that
20 for all placements of accounts -- following the
21 consent order, all placement of accounts to law firms
22 that would potentially have a collections lawsuit
23 initiated, those accounts had the chain of title
24 documents, a full supplement, the deposit and sale
25 agreement, if that document was applicable for that

1 loan, and the schedule excerpt available on the
2 account prior to it -- that account being placed to a
3 law firm for potential initiation of a collections
4 lawsuit.

5 And then for Roman two, little ii, similar to
6 what I just described about the -- the chain of title
7 documentation. TSI only placed accounts to law firms
8 for the initiation or potential initiation of a
9 collections lawsuit in instances where the file had a
10 signed credit agreement, signed by the consumer and/or
11 coborrower, if there was a cosigned loan, prior to the
12 placement with the law firm.

13 Q And what about for those loans -- and so for
14 those loans that were initiated, were -- those
15 accounts that were initiated as lawsuits, where did
16 you get the evidence from? So for f.ii, where did you
17 receive that evidence from?

18 MR. ROSENBERG: Object to form.

19 MR. HOMES: Object to form.

20 A So for -- for f.ii, the signed credit
21 agreement, TSI actually has a repository. I believe
22 we discussed this in the -- in the first part of the
23 deposition, TSI's repository containing account level
24 documentation for each individual account, and TSI
25 reviewed those and has a field on our electronic

1 system in CRS that indicates whether a signed credit
2 agreement has been stored in our account repository or
3 not.

4 BY MS. HENRY:

5 Q And did you do anything to determine where
6 those documents initially came from in that account
7 repository, as part of any change in your processes
8 and procedures as a result of the consent order?

9 MR. HOMES: Objection to form.

10 MR. ROSENBERG: Form.

11 A No, nothing to that extent was undertaken
12 pursuant to or in compliance with this consent order.

13 BY MS. HENRY:

14 Q Okay. And do you recall whether any accounts
15 from the attorney networks were pulled as a result of
16 the consent order --

17 MR. HOMES: Objection.

18 Q -- the CFPB?

19 MR. HOMES: Objection to form. Also, I
20 want to make sure I understand. We are -- we're
21 talking about Washington accounts and Washington
22 consumers. That's the subject of your deposition
23 notice and that's the subject of this case. I want to
24 hear the question again, beyond that, for a comment
25 further.

1 Can the court reporter repeat the question.

2 (The requested portion of the
3 transcript was read by the reporter.)

4 (Pause in the proceedings.)

5 BY MS. HENRY: .

6 Q Mr. Luke, are you going to answer that
7 question?

8 A I was waiting for a moment -- my attorney was
9 going to object or not, so I was jut giving an
10 opportunity for him to speak.

11 MR. HOMES: I made my objections
12 earlier. He can answer.

13 BY MS. HENRY:

14 Q Before you go forward, I'm just going to note
15 that your attorney actually sent this exact question
16 to me yesterday, before your deposition, and said that
17 you were prepared to answer it today. So I'm asking,
18 are you going to be answering that question?

19 MR. HOMES: So let me respond to that.
20 I clarified just a moment ago that the scope of this
21 question is necessarily bound by your -- your
22 deposition notice which involves Washington consumers
23 and Washington lawsuits. So that -- that was the
24 comment I made, that was part of my objection to form.
25 I haven't instructed him not to answer. I'm not

1 sure -- I'm not sure what your last comment was about.

2 A So to -- to answer -- to answer the question,
3 the -- the consent order didn't require the recalling
4 any of the accounts, TSI recalling any accounts
5 from -- from its collection agencies or law firms.

6 BY MS. HENRY:

7 Q And that's your position?

8 A Yes, ma'am.

9 Q Okay. So no -- no accounts at all were
10 recalled?

11 MR. HOMES: Objection to form.

12 A No accounts were recalled to -- in order to
13 comply with this consent order is -- is what I just
14 testified to.

15 BY MS. HENRY:

16 Q Okay. And -- and why was that? Why were no
17 accounts recalled as a result of the consent order?

18 MR. HOMES: So I'm going to object to
19 the determination and the decision-making that was
20 involved in deciding how to comply with the consent
21 order. I think it's clear we -- this continuation
22 deposition and the scope of it -- permitted as to the
23 actions that TSI took to comply with the consent
24 order, but the decision -- decision-making behind
25 those actions necessarily implicates, I think, the

1 mental impressions of its counsel, and so unless he
2 can answer that question without revealing the
3 impressions of his attorneys he can answer, but
4 subject to that -- that instruction, I have concerns
5 that any information he may reveals will -- will
6 necessarily disclose attorney -- any work product.

7 BY MS. HENRY:

8 Q Mr. Luke?

9 A I'm not sure I could answer further than what
10 I previously testified to without disclosing any
11 potential privileged communications.

12 MS. HENRY: So you are instructing him
13 not to answer?

14 BY MS. HENRY:

15 Q And you are not answering; is that correct,
16 Mr. Luke?

17 MR. HOMES: Hold on a second. I didn't
18 instruct him not to answer. I cautioned the witness
19 that the decision-making that is behind actions that
20 TSI took in response to the consent order are not
21 actions, these are decisions by TSI in consultation
22 with its counsel and counsel's advice.

23 If Mr. Luke can answer the question without --
24 without revealing the mental impressions of its
25 attorneys he can do so. I'm not instructing him not

1 to answer, I'm just trying to guide him and you on the
2 scope of what he can testify about.

3 A I don't believe I can provide further
4 information than I already have without giving
5 attorney-client privilege.

6 MS. HENRY: Okay. I'm going to ask that
7 we -- the court reporter, that we actually take the
8 break and go off the record and go back into breakout
9 rooms.

10 THE VIDEOGRAPHER: Off the record at
11 10:21 a.m.

12 (A break was taken from
13 10:21 a.m. to 10:30 a.m.)

14 THE VIDEOGRAPHER: On the record at
15 10:30 a.m.

16 MS. HENRY: I'm just going to state for
17 the record that it appears to us that the objections
18 are meant to just eat into the remaining time that's
19 left, so we are going to note objections. It doesn't
20 mean that if we don't have a prolonged discussion
21 about them that we are consenting or -- or waiving our
22 right to disagree with your objections, we are just
23 going to go on from (sic) the record.

24 BY MS. HENRY:

25 Q I'm going to have you look at, Mr. Luke -- I'm

1 going to go to Paragraph 49 of this consent order.

2 I'm going to come back to Paragraph 45 later, but for
3 now I'm at Paragraph 49 and...

4 Can you tell me what steps did TSI do to
5 comply with Paragraph 49 in the consent order?

6 A One second. I'm looking at it right now.

7 (Pause in the proceedings.)

8 BY MS. HENRY:

9 Q Can I get an answer, Mr. Luke?

10 A Sorry, it's a long paragraph. I'm just
11 reading the paragraph.

12 (Pause in the proceedings.)

13 A So in response to Paragraph 49, TSI requested
14 on behalf of the Trusts that any suit that had a --
15 any pending suit that had an affidavit that was
16 identified or subject to Paragraph 49 that that suit
17 be dismissed.

18 Q And were any of those -- was anything done to
19 comply with Paragraph 49 in Washington state?

20 MR. ROSENBERG: Object to form.

21 MR. HOMES: Join.

22 A I'm trying to remember if there was any
23 Washington state one. I believe there -- there was.
24 I can't state with certainty. I don't recall
25 specifically whether Washington was included or not or

1 whether any Washington accounts were identified
2 subject to Paragraph 49.

3 BY MS. HENRY:

4 Q Well, if we -- if we took a break now could
5 you go and get that information, be able to come back
6 and testify to it on the record?

7 A Subject to -- to counsel's -- my counsel's
8 advice.

9 Q I think it's a pertinent issue that needs to
10 be -- you should be prepared for today. So at the
11 moment I'm -- I'm going to -- I'll come back to that,
12 but -- so you do not know, correct?

13 A I -- I don't recall off the top of my head
14 whether any Washington affidavits were -- were
15 identified subject to Paragraph 49. No, I don't
16 recall right at this moment.

17 Q Okay. Now I'm going to go to -- back to
18 Paragraph 45. I'm going to ask you to look at 45.k.

19 Can you tell me, what did TSI do to comply
20 with Paragraph 45.k of the consent order?

21 MR. ROSENBERG: I'm going to object and
22 put on the record that my client, Patenaude & Felix,
23 is not a signatory to this consent order, so the
24 response may contain legal conclusions.

25 A I think TSI updated their standard operating

1 procedures with the law firm to include provisions
2 that the law firm may not seek or initiate a
3 collections lawsuit that they have reason to believe
4 may be unenforceable.

5 BY MS. HENRY:

6 Q And when were those procedures updated?

7 MR. ROSENBERG: Object to form.

8 A I believe in or around December of 2017.

9 BY MS. HENRY:

10 Q December of 2017.

11 And have you provided those updated procedures
12 in this litigation?

13 A Those specific ones I'm not sure. I know we
14 produced SOPs, various versions, if I recall
15 correctly, but that specific version I'm not sure. We
16 may have.

17 Q Okay. Is there -- and if you haven't, can you
18 provide that?

19 A I don't foresee an issue with that, but
20 subject to consultation with -- with my counsel, to
21 the extent we haven't already provided it -- I -- I
22 don't personally see an issue, but my counsel has to
23 weigh in on that.

24 Q I'm also going to have you look at 45.1, and L
25 has several subparts, and it asks you whether you --

1 to comply with this, asking whether you have -- are
2 executing affidavits containing any
3 misrepresentations.

4 MR. HOMES: So I --

5 Q Do you see that?

6 MR. HOMES: -- I have to object. I'm
7 going to object to form. This is -- this is the
8 provision that imposes a permanent restriction on
9 activities, it does not call for certain activities to
10 be undertaken by TSI.

11 MS. HENRY: You're correct, so let me --

12 MR. HOMES: I object to.

13 MS. HENRY: Let me --

14 MR. HOMES: I object to the form.

15 MS. HENRY: Let me an- -- ask the
16 question again.

17 BY MS. HENRY:

18 Q So, Mr. Luke, what -- what steps did TSI take
19 to comply with 45.1 and it's subparts, i, ii, iii,
20 iv, v, and vi?

21 MR. HOMES: Same objection.

22 Paragraph 45.1, including all of its subparts, impose
23 what purport to be a permanent restriction or
24 restraint of activity and does not compel any
25 particular activity to be undertaken by TSI. I object

1 to the form of the question to that extent.

2 A So TSI is continually reviewing their
3 policies, procedures, job aids, and training, and in
4 light of this paragraph and the subparts, TSI -- I
5 don't recall whether it was prior to, in conjunction
6 with, or shortly after the entry of this consent
7 order, but TSI ensured that the job aid that the
8 affiants use to review and verify affidavits, as well
9 as the training program that is utilized to train the
10 affiants, was of such a standard to meet the
11 requirements of this, of 45.1.

12 BY MS. HENRY:

13 Q Okay. And when were those job aids updated?

14 A Well, the -- the job aids are updated
15 generally annually, sometimes more frequently, and
16 they've -- they've ^ been enhanced over time. In
17 regard to or in relation to the consent order, I don't
18 recall specifically when the next iteration of that
19 job aid was published in relation to the consent
20 order.

21 Q Well, the order required TSI to comply with
22 this within 90 days, correct?

23 MR. HOMES: Object to form.

24 BY MS. HENRY:

25 Q Or was it 120 days?

1 MR. ROSENBERG: Object to form.

2 A I'm sorry, what -- what 120 day requirement?

3 What paragraph is that?

4 BY MS. HENRY:

5 Q I'm going to have you look at 45.d and 45.e
6 and let me know, it's either 90 days or 120 days that
7 you had to comply with provisions of this consent
8 order, correct?

9 A So Paragraph 45.d is a requirement that TSI
10 identify collections lawsuits that were filed outside
11 of the statute of limitations --

12 Q Uh-huh.

13 A -- not anything to do with -- with affidavits
14 and a forward-going limitation on execution --
15 executing of affidavits, and 45.e is 120 days in order
16 to provide a report or a listing of accounts that were
17 identified in Paragraph 45.c and d. These -- these
18 two subparagraphs don't appear to put a time
19 constraint on Paragraph 45.1.

20 MR. HOMES: And I'm going to interject a
21 belated objection. You're calling for this gentleman
22 to make some legal conclusions about what the order
23 requires and what its terms are. I mean, he can read
24 the order as a nonlawyer and -- and answer, and that's
25 what he's doing, but I want to make that objection

1 clear. Your question here requires that he make some
2 legal conclusions about what this order means.

3 BY MS. HENRY:

4 Q So let's go to Paragraph 52. Mr. Luke. So
5 that provision says within 90 days of the effective
6 date that the compliance plan must be complied with.
7 Are you saying that you didn't have 90 days to comply
8 with Provision -- with Paragraph 45 and all its
9 subparts?

10 MR. ROSENBERG: Object to form.

11 MR. HOMES: Object to the form. Calls
12 for a legal conclusion.

13 MR. ROSENBERG: It doesn't appear to be
14 quite an accurate statement of the provision either.

15 BY MS. HENRY:

16 Q Can you explain to me what -- what
17 requirements TSI had under Paragraph 52 and what was
18 done to comply?

19 MR. HOMES: Object to form.

20 A My -- my understanding of Paragraph 52 is TSI
21 had 90 days to submit their compliance plan, which
22 included at a minimum the subparagraphs A through G.

23 BY MS. HENRY:

24 Q And was that done, Mr. Luke?

25 A Yes, ma'am, it was.

1 Q And were you involved in ^ promoting that
2 compliance plan?

3 MR. HOMES: So I'm going to object to
4 this line of questions. You are inquiring into
5 matters that involve TSI's compliance with what I
6 think is a supervisory portion of this consent order.

7 Now, the compliance plan here was provided to
8 the CFPB pursuant to that supervisory authority and
9 it's confidential supervisory information subject to,
10 I believe, for example, Section 1070.47, we've cited
11 that provision to you previously. I think this is
12 subject to the bank examiner's privilege. If you want
13 to obtain information regarding this compliance plan
14 or their -- content of any communications between TSI
15 and the CFPB, that is privileged information. I think
16 if you want that information you need to subpoena it
17 from the CFPB.

18 As to this particular question about whether
19 or not Mr. Luke was personally involved, I think he
20 can answer that question, but anything beyond that
21 regarding the specifics of any compliance plan that
22 was submitted I think is within the privilege and I'm
23 instructing him not to provide that information.

24 BY MS. HENRY:

25 Q Mr. Luke?

1 A Yes, I was involved with the compliance plan.

2 Q So then, Mr. Luke, you would know when or
3 whether TSI implemented job aids or other types of
4 training and procedures for employees so that they
5 could comply with 45.1, correct?

6 A Yes, ma'am, I -- I would have known when we
7 first put the -- put together the compliance plan.
8 And as I've stated previously, I don't remember
9 exactly when in conjunction with the consent order the
10 job aids were specifically referring to was
11 implemented, whether it was prior to the consent order
12 or right after the consent order. I just didn't
13 remember the date of those job aids being updated.

14 Q So maybe I need to ask it again. What was
15 done to comply with Paragraph 45.1 and its various
16 subparts, i, ii, iii, iv, v, vi, and when was it done?

17 MR. HOMES: Once again, Paragraph 45.1
18 imposes some restrictions on activity, it does not
19 compel particular activity be undertaken, as mandated
20 by the consent order, so I object to form of the
21 question.

22 MR. ROSENBERG: Also object to the form
23 in that the question is compound.

24 A TSI reviewed its -- its policies and
25 procedures and job aids against this requirement,

1 and -- and I don't recall specifically at this time
2 whether the current job aid was determined to be
3 sufficient in light of this subparagraph or if
4 additional language or procedures or processes were
5 implemented in that job aid to further comply with
6 Paragraph 45.1.

7 BY MS. HENRY:

8 Q So you don't know; is that correct?

9 MR. HOMES: Object to form.

10 A I mean, outside of what I just explained, I --
11 I don't recall specific date and contents of any
12 updates or enhancements to the job aid.

13 BY MS. HENRY:

14 Q Well, my question is: What was done to ensure
15 that the affidavits do not contain any
16 misrepresentations or false statements in compliance
17 with this consent order, and from what I heard from
18 you, you did not know whether anything was actually
19 done in order to comply with that. Is that your
20 testimony?

21 A No, ma'am, that's not what I stated. What was
22 done is we reviewed the job aid and training to ensure
23 it met the requirement of Paragraph 45.1 of the
24 consent order, and what I don't recall is to the
25 extent something was -- was missing or an enhancement

1 was identified, I don't recall whether that --
2 anything was made or whether it was determined that
3 the existing job aids and training and policies and
4 procedures were sufficient and met the requirements of
5 Paragraph 45.1. What was done is we reviewed the
6 training in place at that time and the job aids in
7 place at that time.

8 Q So were the job aids and training in place at
9 the time of the consent order sufficient?

10 MR. HOMES: Objection. That calls for a
11 legal conclusion. I think it also broaches upon,
12 again, the same subject as -- as I mentioned
13 previously. You're asking him to reveal what I think
14 are mental impressions of TSI's counsel. If he can
15 answer the questions without revealing those mental
16 impressions he may do so.

17 A As -- as I stated previously, just now, I
18 don't recall whether any revisions or additions were
19 made to those processes based on this consent order.
20 I don't -- I don't recall.

21 BY MS. HENRY:

22 Q Let's look at Paragraph 46. What was done to
23 comply with Paragraph 46 of the consent order?

24 MR. HOMES: Objection. Paragraph 46,
25 like Paragraph 45, imposes certain restrictions, does

1 not require particularized action by TSI for
2 compliance. Object to form.

3 A Similar to Paragraph 45.1, TSI reviewed its
4 training, training of witnesses, to ensure that
5 those -- that that training gave the witnesses the
6 ability to make factual statements and prohibited them
7 from making any misrepresentations or false statements
8 that are outlined in Paragraph 46, A through D.

9 BY MS. HENRY:

10 Q And -- and what specifically was done?

11 A Well --

12 MR. HOMES: Object to form.

13 A -- what was done was we reviewed the training
14 that was in place at that time.

15 BY MS. HENRY:

16 Q And what changes to the training were made?

17 MR. HOMES: Object to form.

18 A I don't specifically recall.

19 BY MS. HENRY:

20 Q What changes to procedures were made?

21 MR. HOMES: Object to form.

22 A I don't recall.

23 BY MS. HENRY:

24 Q Do you recall if there was a need to have any
25 changes to procedures?

1 MR. HOMES: Objection. That calls for a
2 legal conclusion and interpretation of the consent
3 order, something that was done with the assistance and
4 advice of counsel. So to the extent he can answer
5 without revealing the mental impressions of counsel he
6 may do so.

7 A I don't recall whether there was a need or an
8 expressed need to make any changes to the training.

9 BY MS. HENRY:

10 Q Okay. Let's look at Paragraph 47. Now,
11 you'll agree this provision, Paragraph 47, directly
12 tells TSI when to comply with Paragraph 45 and 46 of
13 the order, correct?

14 MR. HOMES: Object to form. Calls for a
15 legal conclusion.

16 A Can you please repeat your question?

17 MS. HENRY: Madam Court Reporter.

18 (The requested portion of the
19 transcript was read by the reporter.)

20 MR. HOMES: Note my objections.

21 A I'm not sure it tells them when to comply. It
22 say that if they determine that they've engaged in
23 conduct prohibited by this order they'll probably take
24 necessary steps to ensure that it ceases any and all
25 practices that violate this order.

1 BY MS. HENRY:

2 Q Okay. So did TSI determine that its
3 conduct -- that it had engaged in any conduct that was
4 prohibited by the order?

5 MR. HOMES: So objection. You are
6 asking what TSI decided or determined, not what
7 actions it took to fulfill any particular requirement
8 of the consent order, so I think that's beyond the
9 scope of the Court's February 8th, 2022 minute entry.
10 The decisions that TSI made, it's informed by
11 communications and consultations with its attorneys
12 are privileged. If he can answer this question
13 without revealing those privileges he can do so.

14 BY MS. HENRY:

15 Q Mr. Luke?

16 A I don't think I can answer that without
17 disclosing privileged information.

18 Q Paragraph No. 48, within ten days TSI was to
19 make a determination concerning Paragraph 47 and
20 submit to the regional director a report. That's
21 outlined in Paragraph 48. Can you tell me, was that
22 done, Mr. Luke?

23 MR. HOMES: Object to form.

24 A TSI complied with this paragraph. To the
25 extent such report was required, TSI would have

1 provided that report to the regional director in
2 compliance with Paragraph 48.

3 BY MS. HENRY:

4 Q And what plan was provided to cease and
5 remediate any harm that resulted from the actions as
6 described in Paragraph 48?

7 MR. HOMES: So hold on. If you're
8 asking what the contents of that compliance plan
9 provides with respect to any particular topic or
10 subject, again -- and I mentioned this previously, you
11 know, that plan was submitted pursuant to the CFPB's
12 supervisory authority and is confidential information.
13 It's subject of the bank examiner's privilege. If you
14 want that information, or the contents that you are
15 now seeking of that plan, that is privileged. If you
16 want it you need to subpoena that from the CFPB to get
17 it.

18 BY MS. HENRY:

19 Q Mr. Luke?

20 MR. ROSENBERG: Also objection in regard
21 to the speculation as to whether there was harm.

22 MR. HOMES: I'm instructing him not to
23 answer that question for the reasons I explained,
24 subject to privilege that the CFPB holds, their
25 supervisory review.

1 A I'll follow the advice of counsel.

2 BY MS. HENRY:

3 Q And so you are not answering?

4 A No, ma'am, subject to the advice of counsel.

5 Q And so, Mr. Luke, also looking at
6 Paragraph 48, which practices were identified that
7 were in violation of the order?

8 MR. HOMES: Again, you are now -- you
9 are asking for the determination and the
10 decision-making involved. You are not asking what the
11 Court allowed you and prescribed, which is
12 specifically the actions that TSI took to comply with
13 the consent order. What you're asking is beyond
14 the scope of your prior questions in this deposition,
15 it's beyond the scope of your motion to compel, and
16 it's beyond the scope of the Court's order.

17 To the extent Mr. Luke can answer these --
18 that question without revealing the mental impressions
19 of counsel he can do so.

20 A I don't believe I can answer that question
21 without divulging privileged information.

22 BY MS. HENRY:

23 Q Mr. Luke, were any practices identified that
24 were in violation of the order in Paragraph 48?

25 MR. HOMES: Same objection. You're

1 asking him to make a determination, a legal one, about
2 whether or not particular practice violated the order
3 or not. That's a -- that's a decision or
4 determination that TSI made in consultation with its
5 attorneys.

6 BY MS. HENRY:

7 Q Mr. -- Mr. Luke?

8 A I don't believe I can answer that without
9 divulging privileged information.

10 MS. HENRY: Respectfully, Justin, I -- I
11 disagree with you. The order is -- clearly
12 encompasses what did TSI do to comply with the CFPB
13 order. This is specifically asking which practices
14 were identified that were in violation of the order.

15 MR. HOMES: I agree --

16 MS. HENRY: I don't understand why
17 you're -- that answer.

18 MR. HOMES: I can --

19 MS. HENRY: I'm not going to engage any
20 longer, I'm just putting that on the record.

21 MR. HOMES: Let's -- let's go off the
22 record, in any case. I would like to take a break, if
23 that's all right?

24 MS. HENRY: We can go off the record.

25 THE VIDEOGRAPHER: Off the record at

1 10:58 a.m.

2 (A break was taken from
3 10:58 a.m. to 11:08 a.m.)

4 THE VIDEOGRAPHER: On the record at
5 11:08 a.m.

6 BY MS. HENRY:

7 Q Okay. I'm going to ask Mr. Luke, I believe
8 we're at Paragraph 50, and this is a provision of the
9 consent order dealing with collection lawsuits that
10 had already been filed.

11 Can you tell me, what did TSI do to comply
12 with Paragraph 50 of the consent order?

13 A TSI ensured that any -- and -- and this is
14 about collection lawsuits that had been filed, but
15 specifically lawsuits that had reached a judgment, and
16 TSI ensured that postjudgment enforcement activity,
17 such as wage garnishments or bank ^ levies had been
18 ceased, and also ensure that going forward no new
19 postjudgment activities were to be initiated.

20 Q And what accounts or judgments in Washington
21 were affected by Paragraph 50?

22 MR. HOMES: Object to form.

23 A I don't specifically recall right now whether
24 any Washington judgments were subject to Paragraph 50
25 or not.

1 BY MS. HENRY:

2 Q And I'm going to send you to Paragraph 51 of
3 the consent order, and I'm going to ask you what
4 compliance did TS- -- what did TSI do to comply with
5 Paragraph 51?

6 A 51 is prefaced on TSI receiving a directive
7 from its successor special servicer, and to the extent
8 that such directive was made as outline in the
9 subparagraphs of 51, TSI would have complied with it's
10 successor special servicer's directive.

11 Q So did the special -- successor special
12 servicer give a directive to TSI to withdraw any
13 affidavit or collection lawsuit in compliance with
14 Paragraph 51?

15 MR. HOMES: Object to form. Speaking
16 about Washington consumers and Washington accounts
17 only?

18 A I don't recall any directive from the
19 successor special servicer in regards to 51.b related
20 to withdrawing of affidavits.

21 BY MS. HENRY:

22 Q And -- and your answer, Mr. Luke, is that just
23 for Washington state or is that for the entire
24 country?

25 MR. HOMES: Object to form. This

1 deposition only concerns Washington state.

2 MS. HENRY: And -- and Justin, I would
3 appreciate it if you're not coaching him. I asked him
4 a direct question.

5 A I don't recall such directive regarding any
6 account period.

7 BY MS. HENRY:

8 Q And just to clarify for the record, who is the
9 special servicer?

10 MR. HOMES: Object to form.

11 BY MS. HENRY:

12 Q The successor special servicer, Mr. Luke?

13 A The successor special servicer contemplated in
14 the consent order is U.S. Bank.

15 Q Okay. So I'm also going to go back, backtrack
16 a little bit, and I'm going to have you go to -- we
17 mentioned briefly 45.d and 45.e. What was done to
18 comply with 45.d and 45.e in the consent order?

19 MR. HOMES: So object to form. Asking D
20 and E together?

21 MS. HENRY: We can ask them separately.

22 BY MS. HENRY:

23 Q What was done to comply with the consent order
24 45.d provision?

25 MR. HOMES: Right. So I'm going to

1 object to that question. I think that's outside the
2 scope of this case, it's not relevant to your lawsuit
3 or proportional to the needs of this case. There is
4 no allegations that this -- these suits and the
5 underlying actions were filed beyond the statute of
6 limitations. So, you know, this case was about
7 alleged missing documents. Again, this is not a
8 question that you asked prior to -- in his prior --
9 Volume 1 of Mr. Luke's deposition, it's not a subject
10 that you moved to compel. I don't think that this is
11 appropriate discovery from this witness. I'm going to
12 instruct him not to answer this question.

13 BY MS. HENRY:

14 Q Mr. Luke?

15 A I'll follow advice of counsel and not provide
16 a response to this question.

17 Q And what did TSI do to comply with
18 Paragraph 45.e of the consent order?

19 MR. HOMES: And I'm going to object to
20 that question on different grounds. This, of course,
21 involves communications with the CFPB in reporting to
22 the CFPB, and to that extent is subject to the CFPB's
23 supervisory privilege. And I think I have stated
24 previously the grounds on which I believe that
25 information is confidential information subject to the

1 banking privilege, it's beyond to scope of discovery
2 in this case and it is not permissible.

3 I'm instructing him not to answer, to
4 revealing what is essentially and fundamentally
5 information within the CFPB's purview in its
6 supervisory capacity. If you want that information
7 you need to subpoena it from the CFPB.

8 A So for Paragraph 45.e, I can confirm that TSI
9 complied with this, subparagraph 45.e, and provided
10 the information required under this paragraph, but
11 subject and contents of that information, can't
12 provide further -- further answer on without
13 disclosing potentially privileged information.

14 BY MS. HENRY:

15 Q Okay. And what did you do to comply with
16 Paragraph 45.g, as in George?

17 MR. HOMES: Same objections. The
18 statute of limitations is not at issue in this case,
19 it's not a -- this case is about missing documents,
20 not a subject that you -- that you raised in your
21 subject, it's not a subject that you raised in the
22 prior deposition, it's not a subject that you raised
23 on your motion to compel, it's not a reasonable
24 follow-up to those questions. I'm instructing him not
25 to answer.

1 A I'll follow the advice of counsel and -- and
2 not answer this question.

3 BY MS. HENRY:

4 Q And what did you do to comply with
5 Paragraph 45.h of the consent order?

6 (Pause in the proceedings.)

7 MR. HOMES: Again --

8 BY MS. HENRY:

9 Q Mr. Luke?

10 MR. HOMES: -- to -- to the extent he
11 can confirm that this in action was answer he can do
12 so. The contents of this information I think is
13 subject to the same privileges and instruction that I
14 gave previously.

15 A And I'll follow the advice and not answer the
16 question related to 45.h.

17 BY MS. HENRY:

18 Q Okay. And what did you do to comply with
19 Paragraph 45.i of the consent order?

20 MR. HOMES: I'm going to to be the
21 question. It doesn't impose requirement to take
22 action by TSI. Object to the form. To the extent he
23 can answer without revealing attorney-client
24 communications he can do so.

25 A TSI did impose a requirement on its law firms

1 to provide such a report on a quarterly basis
2 including the information that's described in
3 Paragraph 45 I from its law firms.

4 BY MS. HENRY:

5 Q And what was done to comply with Paragraph 45
6 J?

7 MR. HOMES: Again I'm going to object
8 that this is beyond the scope of the prior deposition,
9 beyond the scope of this case, beyond the scope of
10 your motion to compel and the Court's order.

11 BY MS. HENRY:

12 Q Mr. Luke?

13 A Sorry I'm just rereading the paragraph.

14 (Pause in the proceedings.)

15 A So the extent TSI either knew or learned
16 afterwards that a suit was filed beyond the statute of
17 limitations it worked with counsel to cease that
18 litigation and dismiss the lawsuit.

19 Q And do you know if any lawsuits were dismissed
20 in the state of Washington in compliance with that
21 provision?

22 MR. HOMES: Same objections. I'm
23 instructing him not to answer for the reasons stated.

24 A On the advice of counsel I will not answer.

25 BY MS. HENRY:

1 Q Okay. I'm just going to take another quick
2 break to discuss with my counsel, my cocounsel,
3 Sherrilyn?

4 THE VIDEOGRAPHER: Off the record at
5 11:19 a.m.

6 (A break was taken from
7 11:19 a.m. to 11:26 a.m.)

8 THE VIDEOGRAPHER: On the record at
9 11:26 a.m.

10 MS. HENRY: So I just want to say on the
11 record that the plaintiffs disagree with the
12 objections that were made today and that we're not
13 waiving any arguments that we had over compliance with
14 the minute order that's been entered by the Court or
15 that the topics that were raised today were in
16 compliance with the notice of deposition and with that
17 we are asking that this deposition be continued.

18 We have no further questions at this time.

19 MR. ROSENBERG: And can we ask how much
20 time has elapsed, please.

21 THE VIDEOGRAPHER: Six hours and 47
22 minutes.

23 MR. HOMES: I have no questions.

24 THE VIDEOGRAPHER: Anybody else?

25 MR. CASAMENTO: Nothing from Casamento.

1 MR. ROSENBERG: No questions.

2 Thank you.

3 MR. HOMES: Thank you.

4 THE VIDEOGRAPHER: This concludes the
5 deposition -- this concludes Volume 2 of the
6 deposition, we are off the record at 11:28 a.m.

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